

**INTERNAL REVENUE SERVICE**

August 9, 2004

Number: **INFO 2004-0123**  
Release Date: 9/30/04  
UIL 62.02-05  
CONEX 134964-04/CC:TEGE:EOEG:ET1

The Honorable David Wu  
Member, U.S. House of Representatives  
620 Southwest Main Street, Suite 606  
Portland, OR 97205

Attention: Ramona Perrault

Dear Congressman Wu:

This letter is in response to your inquiry (copy enclosed) dated June 22, 2004, on behalf of your constituent, . He asked for guidance either through a private letter ruling or through the Industry Issue Resolution program on the tax treatment of payments his business makes to its automotive service technician employees.

On Monday, July 26, 2004, the Department of the Treasury announced the release of the 2004-2005 Priority Guidance Plan (copy enclosed and available publicly at <http://www.irs.gov/pub/irs-utl/2004-2005pgp.pdf>). This plan contains 276 projects we intend to complete over a twelve-month period, from July 2004 through June 2005, and reflects the Department of Treasury's commitment to increased and more timely published guidance. I am pleased to tell you that the specific issue wrote about is one of the 276 projects listed on the 2004-2005 Priority Guidance Plan ("Revenue ruling on tool rental", page 3, Employee Benefits, section B, item number four).

I hope this information is helpful. Please call me or at if you have any questions.

Sincerely,  
Janine Cook  
Branch Chief, Employment Tax 1  
Office of Division Counsel/  
Associate Chief Counsel  
(Tax Exempt and Government Entities)

Enclosures (2)